

P O R T O F
N E W O R L E A N S



Baton Rouge

Port of New Orleans

Mississippi River Gulf Outlet



GULF OF MEXICO



LEGEND
■ ANCHORAGE
● BARGE
■ BRIDGE
■ CITY/TOWN
● FACILITY
■ WHARF





Louisiana Ports Corridor Lower Mississippi River

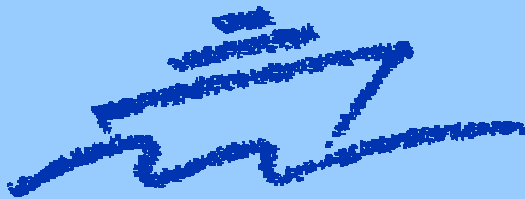
- Busiest Waterway in World
- + 400,000 Barge Movements Annually
- + 12,000 Ocean Going Ship Transits Annually
- 430 Million Tons of Waterborne Commerce
- Extensive Ship Building/Ship Repair Operations
- + 100,000 Employed *directly* in Louisiana
Maritime Industry



LOUISIANA: Multi-Modal Transportation Hub

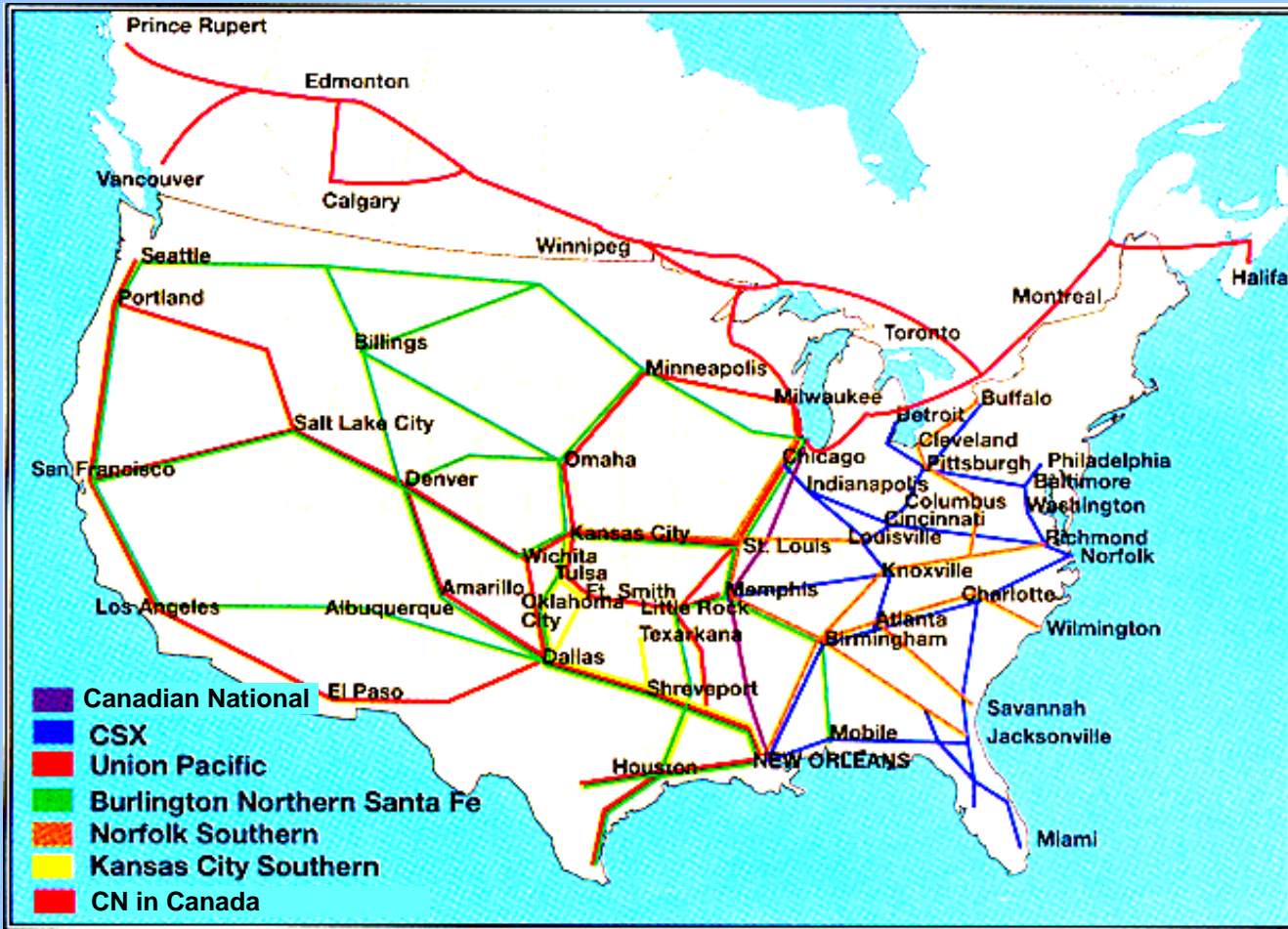
- Ocean Gateways
- Mid-America Inland Waterways System
- Six Class A Trunk Railroads
- Interstate Highway System

Inland Waterway System



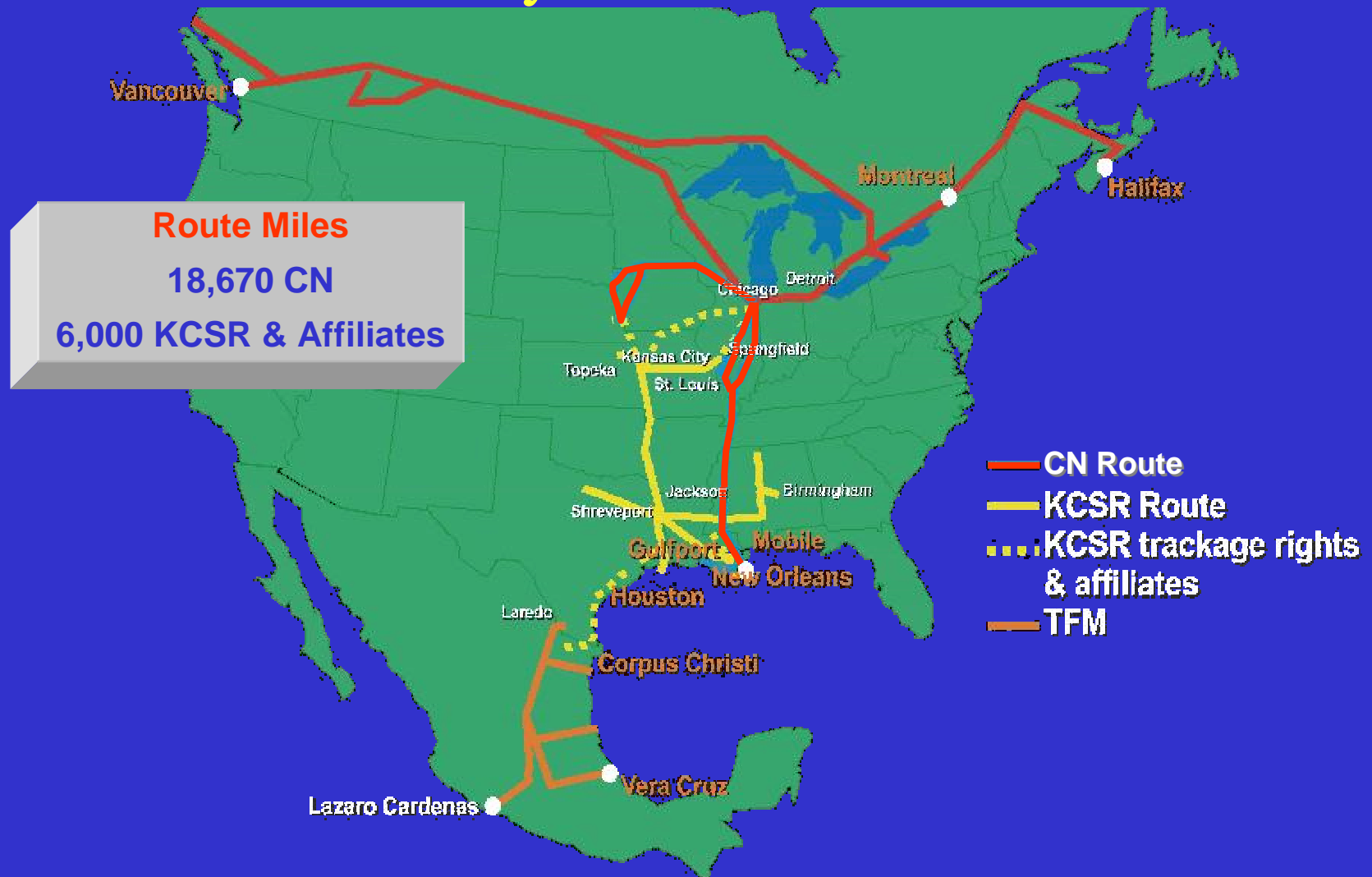
**PORT OF
NEW ORLEANS**

Rail Access



Canadian National Rail Network

Including Marketing Agreement with Kansas City Southern Railroad





GENERAL CARGO MARKETS

Port of New Orleans

- Recent History - Gulf Ports Isolated
- Macro-economic and Geopolitical Events
- Deregulation of inland transport modes.
- Shifts in U.S. international trade flows.



Concentration On “Niche” Market Strategies

- General cargo volumes nearly tripled since 1985.
- Major market share positions in steel products, coffee, plywood, rubber
- Container operations: small but vibrant -- and growing
- Investments of more than \$300 million since 1990 in multi-purpose terminals and related infrastructure.
- Port-related demand for labor increasing



Strategic Changes

- Global Economy and International Waterborne Commerce
- Hemispheric Markets Stabilizing and Growing
 - Political Stability
 - Economic Development Imperatives
- “North-South” Trade Axis Rebounding
 - Six percent annual growth rate - last decade
 - Fastest growing market segment for Port of New Orleans



“Trends of Certainty”

- Global economy grows consistently
- Global “waterborne” trade will double every 8 to 12 years.
- Most general cargo types will be containerized.
- Multi-modal transportation applications
- Probably embryonic



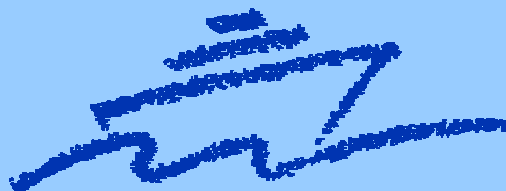
New Orleans Containership and Intermodal Cargo Terminal Profiles

- Facilities built 20 to 35 years ago.
- Operating at high levels of design capacity.
- Highly Limited Growth
- Draft restrictions in man-made waterway

THE BIG PICTURE

U.S. Container Market

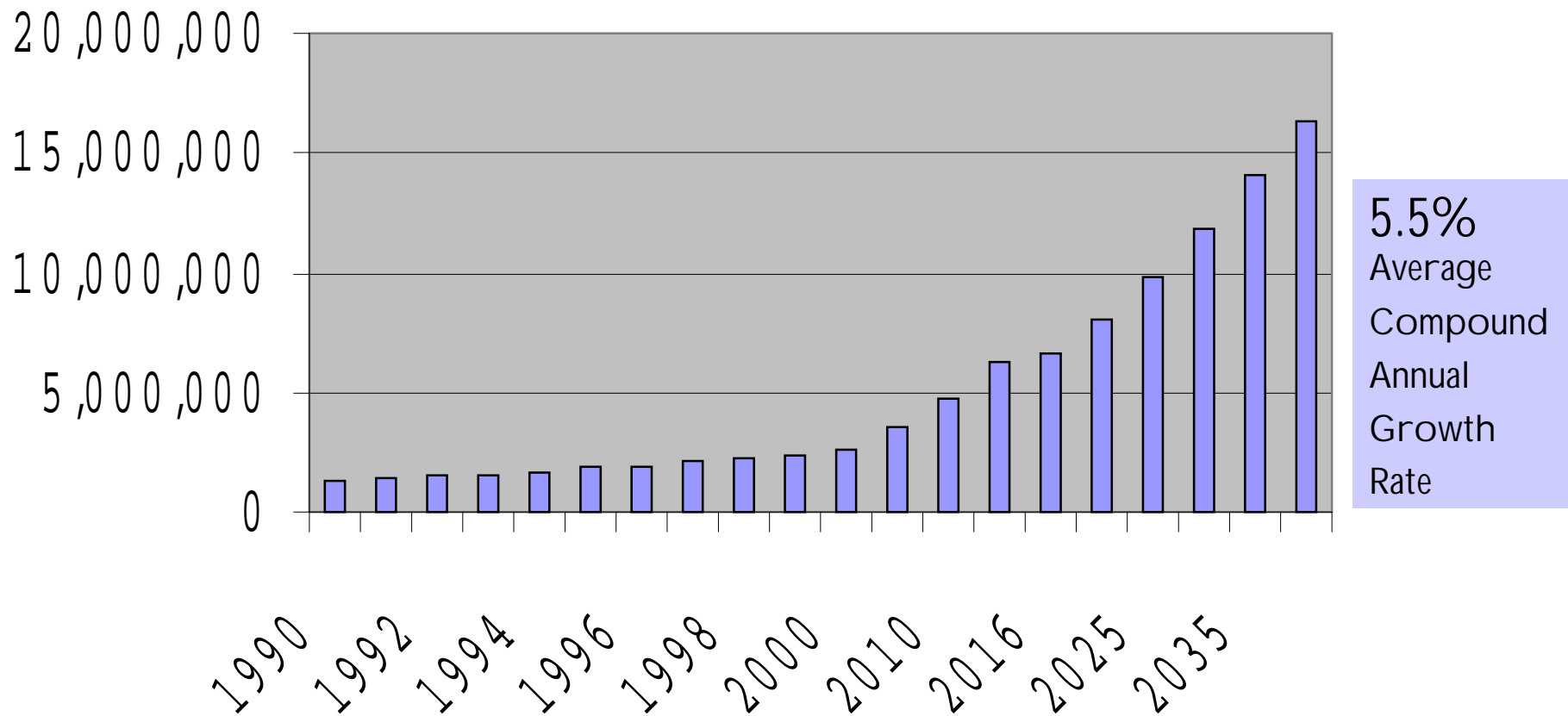
	TEU's (millions)		Growth %
	1995	2020	
Total U.S. Container Trade	13.1	51.8	5.6
Asia	2.6	16.9	7.8
Europe	2.5	8.3	4.9
South America	1.1	5.9	7.0



**PORT OF
NEW ORLEANS**

MAJOR INCREASE OF TRADE EXPECTED BETWEEN U.S. AND LATIN AMERICA

Total Latin America TEUs 1990-2040





**Domestic and
International
Markets where
Millennium Port
Holds Competitive
Advantage**



MARKETPLACE PLANNING

MARKET DRIVEN EQUATION:

Container Growth Rate

+

Increasing Vessel Size

+

Pressure to Maintain Sailing Schedules

=

**IMMEDIATE DEMAND FOR NEW
TERMINAL FACILITIES,
DEEPER DRAFT CHANNELS**



World Fleet and Access Channel Draft Criteria

- By 2010, 70% of World's Container Fleet will
Require Channel Depths of 40 Feet or Greater
- Near-Term Channel Draft Criteria: 45 feet
Long-Term Channel Draft Criteria: 52 feet

GROWTH-SURVIVAL ISSUES

Containership Fleet Profile: 2020

85% will require depths of > 36 feet

40% will require depths of > 44 feet

15% will require depths of > 47 feet

Conclusion - Within next 20 years, MRGO will accommodate only 15% of containership fleet.



MARKETPLACE PLANNING

RISKS OF NOT BUILDING:

- Erosion of Port of New Orleans container tonnage
- Lost growth opportunities
- Deterioration of market share
- Eventual loss of largest carrier(s)



Millennium Port,
Louisiana



REALITY

- Site selection is multi-jurisdictional
- Rail and Highway Access
- Financing
- Time: 8-15 year project





Napoleon Avenue Terminal
(Starting Configuration)



Napoleon Avenue Terminal Phase I



Napoleon Avenue Terminal
Proposed Terminal Site Plan - Full Buildout

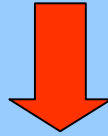


U.S. Port Development Formula Changing?

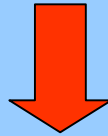
MARKET GROWS



CARRIERS RESPOND



PORT AUTHORITIES RESPOND



TERMINALS & INFRASTRUCTURE BUILT



EVERYBODY WINS(?)



Public Port Authorities

- “Willing Investors/Fierce Competitors”
- Planning leadership role
- “Fixed Point” partner



Ocean Carriers

- Mergers, consolidations, alliances
- Bigger, speed oriented, service conscious
- Port authority dependent
- Want and need more - pay less, lower risk



Federal Government

- National Port Policy?
- Army Corps of Engineers
- EPA and all other agencies



The Local Port Community

- Financial Support
- Venue Accommodation



Carriers

- Profit Motivation
- Volume-doubling Patterns
- Capital Intensity
- Larger Ships, More Technology, Deeper Drafts
- “Larger-Faster-Deeper” demands radiate to Port Authorities.
- More Control - Moderate Risks



The Local Port Community

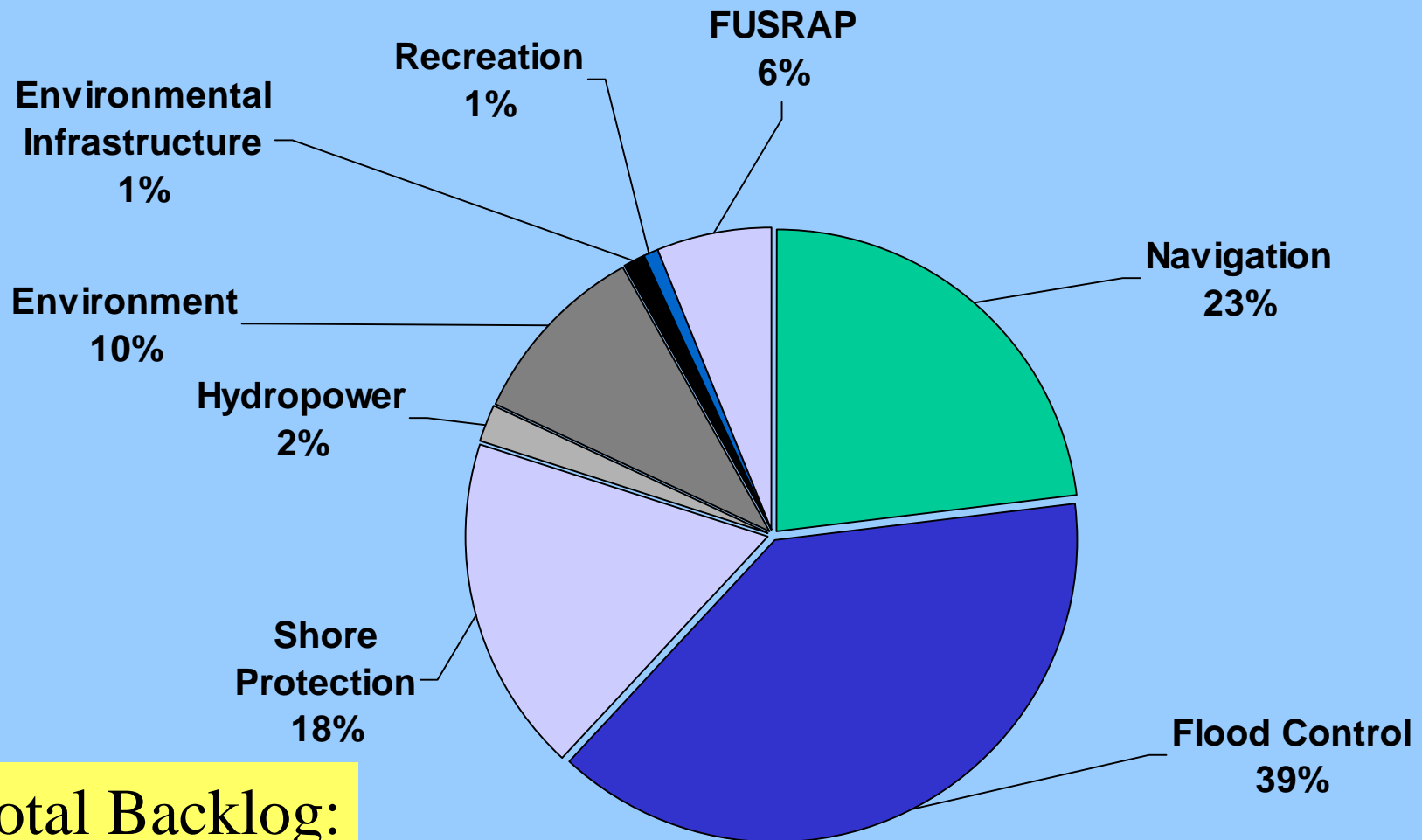
- Economic benefits, but !
- Truck traffic
- Rail traffic
- Noise
- Light
- Why Us?
- Where is this going to lead?



Federal Government

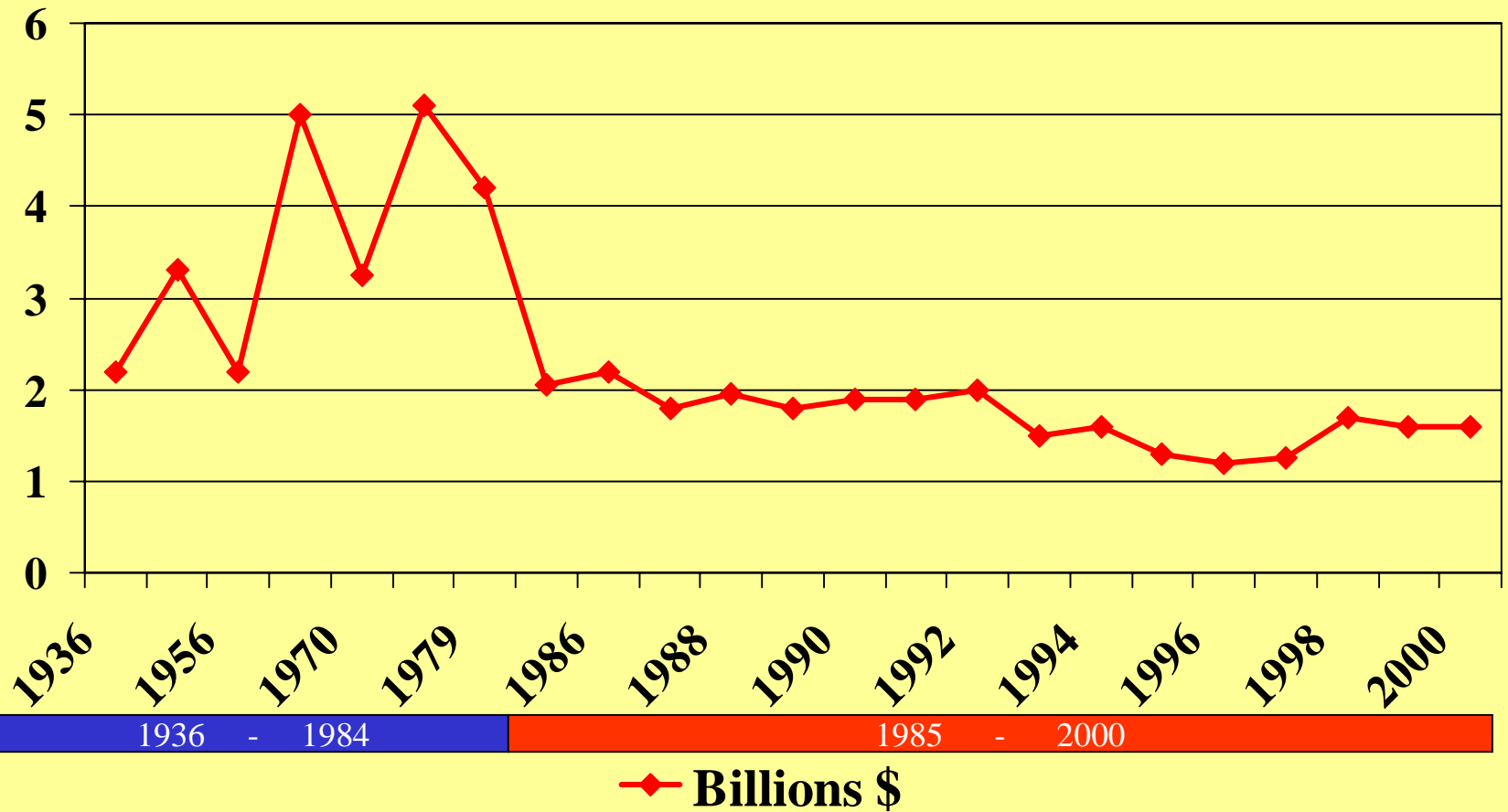
- Channel Improvements and Adequate Maintenance
 - cost sharing and cost recovery
 - Corps of Engineers' backlog
 - \$38 billion - 23 percent are navigation projects

Army Corps of Engineers Civil Works Construction Investment Program Backlog



**Total Backlog:
\$38 Billion**

U.S. Army Corps of Engineers Civil Works Capital Budget



Constant 1999 dollars



Trends?

- Carrier and *Local Community* Decisions = Fewer “large” ports
- Carrier Control
- Capital Financing?
 - Port authorities? Public subsidy? Private sector?
- Connectivity
 - Infrastructure: Highway, Rail
- Federal Role
 - Weakest link?
 - Clarity ... consistency ... commitment

METRO NEW ORLEANS ECONOMIC IMPACT



- *52,000 JOBS*
- *\$1.1 BILLION IN EARNINGS*
- *\$6 BILLION IN SPENDING*
- *\$112 MILLION IN TAXES*



STATEWIDE ECONOMIC IMPACT



- *94,000 JOBS*
- *\$2 BILLION IN EARNINGS*
- *\$11 BILLION IN SPENDING*
- *\$262 MILLION IN TAXES*



MILLENNIUM PORT ONLY **ECONOMIC IMPACT**

Construction activity:

Projected cost of project: \$1 billion

36,000 construction jobs

\$ 800 million in earnings

\$ 3 billion in spending

\$ 72 million in tax revenues

MILLENNIUM PORT ONLY

ECONOMIC IMPACT

2020: Millennium Port is Mid-West Gateway in Gulf of Mexico.

1.5 million TEU's

41,000 jobs

\$ 6.9 billion in earnings

\$ 15.4 billion in spending

\$ 536 million in tax revenues